

**For Immediate Release**

## Sunpower's 2Q2014 net profit to shareholders increased 50.6% yoy to RMB22.0 million

- Revenue grew 22.8% yoy on higher sales in Heat Pipes and Heat Pipe Exchangers and Energy Saving and Environmental Protection Systems segments
- Net profit margin improved by 1.4 percentage points to 7.3%
- The Group will continue to improve its research and development to capture the growing energy conservation and environment protection market in China

**Singapore, 13 August 2014** – Mainboard-listed Sunpower Group Ltd. (“中聖集團”, “Sunpower” or “the Group”), a China-based heat transfer technology specialist engaged in the design, R&D and manufacture of energy-efficient and environmental protection equipment for diverse industries, reported growth in both its top and bottom line for the six months ended 30 June 2014 (“1H2014”). Revenue increased 22.8% year-on-year (“yoy”) to RMB301.4 million and the net profit increased 50.6% yoy to RMB22.0 million for the second quarter ended 30 June 2014 (“2Q2014”).

### Financial Highlights

RMB 'Million	2Q2014	2Q2013	YoY % Change	1H2014	1H2013	YoY % Change
<b>Revenue</b>	301.4	245.4	22.8	559.3	461.3	21.3
<b>Gross profit</b>	75.5	68.3	10.5	136.6	117.6	16.2
<b>Gross profit margin</b>	25.1	27.9	(2.8) pp	24.4	25.5	(1.1) pp
<b>Profit attributable to shareholders</b>	22.0	14.6	50.6	33.4	19.3	73.4
<b>Net profit margin</b>	7.3	5.9	1.4 pp	6.0	4.2	1.8 pp
<b>Earnings per share (RMB cents) **</b>	6.02	4.43	35.9	9.62	5.85	64.4

pp: percentage points

\*\* Basic earnings per share for second quarter and half year ended 30 June 2014 and 30 June 2013 have been calculated by dividing the net profit attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding.

The increase in revenue was mainly attributed to the Heat Pipes and Heat Pipe Exchangers segment of RMB22.9 million and Energy Saving and Environmental Protection Systems segment of RMB28.5 million. Despite a consistent revenue growth in Energy Saving and Environmental Protection Systems segment, the Group's Heat Exchangers and Pressure Vessels segment remains as the biggest revenue contributor.

Mr. Guo Hongxin, Chairman of the Sunpower Group commented on the Group's shift in the product mix, “**The strong commitment by the Chinese Government towards environment protection and the new environmental policies has propelled the growth of China's**



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**environmental industry. As a result, our flare-gas recovery system and Zero Liquid Discharge (“ZLD”) system, which improve the control over industrial gas and water pollution, achieved higher market interest in 2Q2014. This also led to a hike in our Energy Saving and Environmental Protection Systems segment. We will continue to improve our R&D in this segment to capture the rising demand in China.”**

Along with the shift in product mix, the Group’s gross profit margin slipped 2.8 percentage points due to lower profit achieved in the Heat Pipes and Heat Pipe Exchangers segment. Nevertheless, the Group’s gross profit increased 10.5% yoy to RMB75.5 million which was in line with the revenue growth.

Net profit attributed to shareholders increased 50.6% with a 1.4 percentage points increase in net profit margin from 5.9% in 2Q2013 to 7.3% in 2Q2014. The boost in net profit was mainly due to better cost management undertaken by the Group. Despite the increase in revenue, the Group managed to lower its expenses to achieve a higher net profit margin.

The Group’s cash flow management and balance sheet have improved in 2Q2014 due to better collections of trade receivables. As at 30 June 2014, the Group generated a net cash of RMB70.0 million from operating activities for 2Q2014, which has tripled the net cash generated of RMB23.5 million for 2Q2013. As a result, the Group’s cash and bank balance position has also improved from RMB118.8 million as at 31 December 2013 to RMB181.4 million as at 30 June 2014. Besides, the Group’s borrowings decreased from RMB439.1 million as at 31 December 2013 to RMB402.4 million as at 30 June 2014, which has lowered the Group’s net gearing ratio from 41.2% as at 31 December 2013 to 23.3% as at 30 June 2014.

## **Outlook**

Responding to the government’s mini stimulus, China’s GDP has recovered to a growth rate of 7.5%, while manufacturing Purchasing Manager Index (“PMI”) spiked to 52.0 in July 2014, which was the highest in the last 18 months. Nevertheless, many analysts predict that these positive effects will taper off in the second half of FY2014 as uncertainties continue to influence the future growth of China’s economy.

Mr. Guo Hongxin reemphasised, **“Although the overall economic environment remains challenging, we stay optimistic for our business outlook. As a manufacturer of environmental friendly equipment and technology, we are benefitting from China’s recent environmental laws of promoting cleaner air and water. In view of many companies having to abide to the more stringent air and water output quality, we see an increase in the demand for our environment protection technologies such as sulphur recovery and ZLD systems.**

**We will continue to focus on our research and product development to strengthen our position as one of the innovative leaders in China’s environment protection industry. Furthermore, we have incorporated a new subsidiary in U.S., State of Texas, to provide**



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**marketing and technical support for our MNC clients in North America. We plan on further expanding into overseas market to tap on our strong track record and good long-term relationships with our overseas customers.”**

The total orders on hand amounted to approximately RMB 1.36 billion as at 30 June 2014. Barring any unforeseen circumstances, the Group will be profitable in FY2014.

### **About Sunpower Group Limited**

PRC-based Sunpower Group Ltd. Specializes in the design, R&D and manufacture of customized energy-saving and environmental protection products using heat-transfer technologies. Its products range from heat exchangers and pressure vessels, heat pipes and heat-pipe exchangers, pipe supports, and energy-saving and environmental protection systems. They are used in various industries such as petrochemical, steel, transportation, chemicals, metallurgy, solar energy etc, particularly in energy projects that benefit from the products' energy-saving and energy-efficiency features. Sunpower has a strong customer base and is a member of both China Petroleum and Chemical Corporation (“SINOPEC”) materials supply network and China National Petroleum Corporation (“CNPC”) first-tier network. These memberships pre-qualify the Group to supply products to companies in the SINOPEC and CNPC groups. To date, the Group has 107 patents registered in China to its proprietary heat technologies.

For more information, please refer to: <http://sunpower.com.cn/>.

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**Issued for and on behalf of Sunpower Group Ltd**

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